

2019 ECONOMIC IMPACT ANALYSIS

Brian Annis

Chief Financial Officer

April 21, 2020



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Since 2017, the High-Speed Rail Authority (Authority) has produced four Economic Impact Analysis reports that estimate the economic impacts of planning and constructing a high-speed rail system.

- **2018/19 Economic Impact Report**
- 2017/18 Economic Impact Report
- 2016/17 Economic Impact Report
- 2006-2016 Economic Impact Report



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Economic Indicators:

- **Job-Years** - Job-Years are the equivalent number of one-year-long, full-time jobs supported by the project.
For example:
 - 1 Employee working for 5 years = 5 Job-Years
 - 5 Employees working for 1 year = 5 Job-Years
 - 10 Half Time Employees working for 1 year = 5 Job-Years
- **Labor Income** - Labor income includes all forms of employment income, including compensation (wages, benefits, and payroll taxes) firms paid to employees, and income earned by self-employed workers or unincorporated sole proprietorships.
- **Economic Output** - Economic output is an estimate of the value of all economic activity taking place as a result of high-speed rail expenditure. A dollar invested in high-speed rail sparks several activities in addition to labor income, such as the purchases of goods and services and value created from these activities. For example, the materials purchased for the viaducts over the Fresno river constructed by Authority Contractors as well as the labor that went into constructing and placing the viaducts all contribute toward the Economic Output.

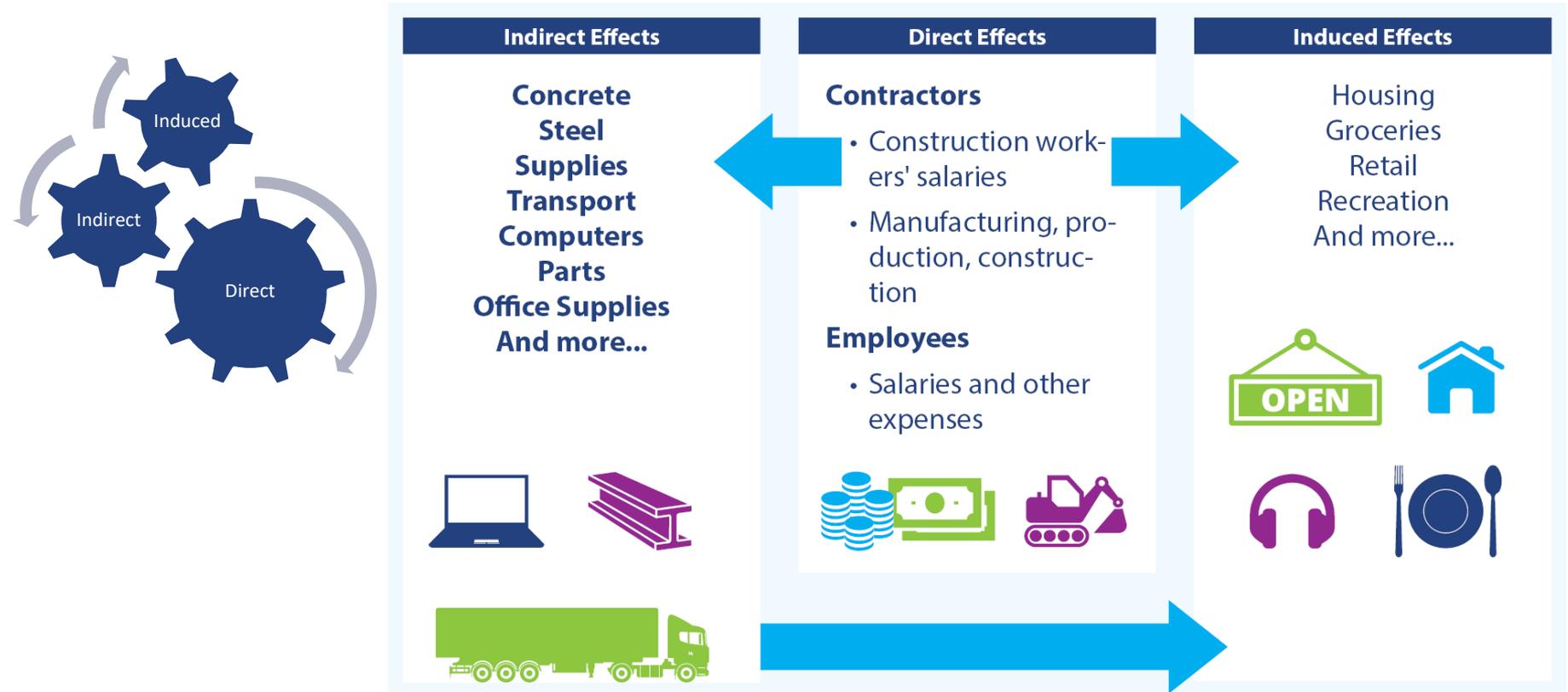


2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Economic Effects:

How the Indicators are determined is a combination of Indirect, Direct and Induced Effects



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Research Methods:

- Reviewed contracts & invoices, conducted interviews & site visits to determine spending by project activity and geographic location
- Utilized industry-standard economic models to apply economic multipliers to spending in order to determine direct, indirect, and induced benefits to the local, regional, state-wide, and national economy

Review and Validation:

- In the original analysis (Historical Analysis) the Authority requested review and validation from several industry experts who reviewed inputs, assumptions, methodology, and outputs. The reviewers included: University of the Pacific, Department of Finance, Department of Labor, Peer Review Group
- The FY18-19 Analysis followed similar methods and approaches as the Historical Analysis.



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

California Statewide Economic Impacts 2006 - 2019



44,700 – 50,500

JOB-YEARS OF EMPLOYMENT

Job Years - *Job-Years are the equivalent number of one-year-long, full-time jobs supported by the project.*

2019 - *Calendar year estimated employment was 7,500 job years.*



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

California Statewide Economic Impacts 2006 - 2019



\$3.17 - \$3.62
BILLION

LABOR INCOME

Labor income includes all forms of employment income, including compensation (wages, benefits, and payroll taxes) firms paid to employees, and income earned by self-employed workers or unincorporated sole proprietorships.

2019 – Calendar year estimated labor income was \$600 million.



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

California Statewide Economic Impacts

2006 - 2019



\$8.3 - \$9.2
BILLION

ECONOMIC OUTPUT

Economic output represents the total contribution the Program has made to the Gross Domestic Product (GDP) in California and the US or the economic “value-add”.

2019 – Calendar year estimated economic output was \$1.6 billion.

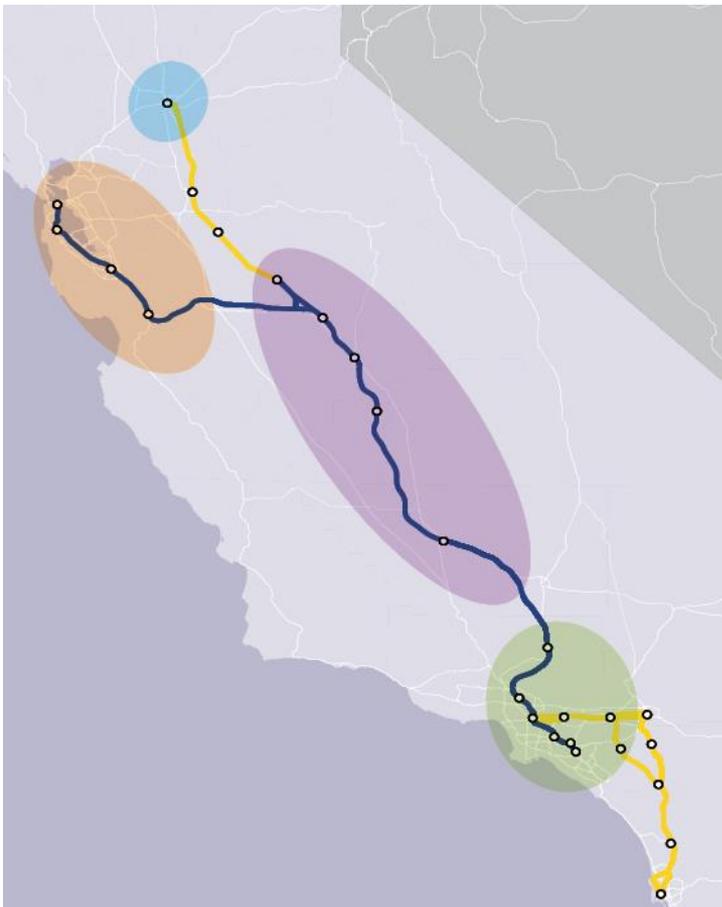


2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Direct Investment and Economic Impacts By Region

2006 - 2019



\$5.7 Billion from July 2006 through June 2019

SACRAMENTO	FY 18/19	PROGRAM TOTAL
Job-Years of Employment	2,140	10,510
Labor Income	\$160 M	\$740 M
Economic Output	\$370 M	\$1,680 M

BAY AREA	FY 18/19	PROGRAM TOTAL
Job-Years of Employment	1,110	4,710
Labor Income	\$110 M	\$440 M
Economic Output	\$280 M	\$930 M

CENTRAL VALLEY	FY 18/19	PROGRAM TOTAL
Job-Years of Employment	3,380	18,970
Labor Income	\$210 M	\$1,010 M
Economic Output	\$650 M	\$3,340 M

SOUTHERN CALIFORNIA	FY 18/19	PROGRAM TOTAL
Job-Years of Employment	560	5,170
Labor Income	\$40 M	\$370 M
Economic Output	\$110 M	\$900 M



FUTURE ECONOMIC IMPACTS

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Future Economic Impacts

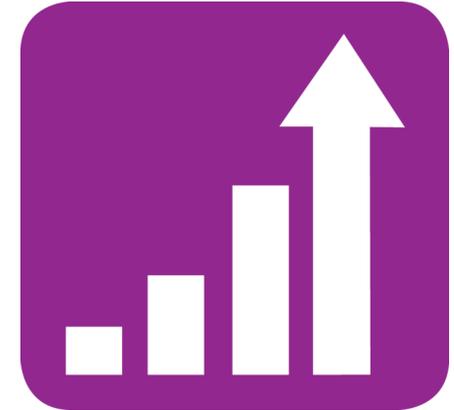
Completion of Madera to Poplar Line



JOB YEARS OF
EMPLOYMENT
162,000



LABOR
INCOME
\$11 BILLION



ECONOMIC
OUTPUT
\$30 BILLION



FUTURE ECONOMIC IMPACTS

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

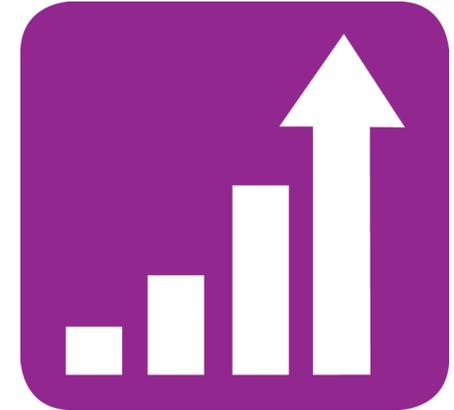
Future Economic Impacts Merced to Bakersfield Line



JOB YEARS OF
EMPLOYMENT
208,000



LABOR
INCOME
\$14 BILLION



ECONOMIC
OUTPUT
\$39 BILLION



FUTURE ECONOMIC IMPACTS

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Future Economic Impacts

Silicon Valley to Central Valley Line

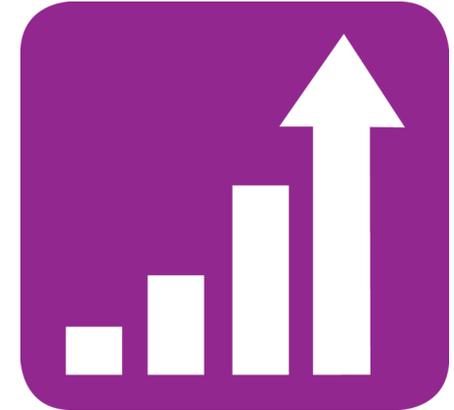


JOB YEARS OF
EMPLOYMENT

222,000



LABOR
INCOME
\$17 BILLION



ECONOMIC
OUTPUT
\$50 BILLION



FUTURE ECONOMIC IMPACTS

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

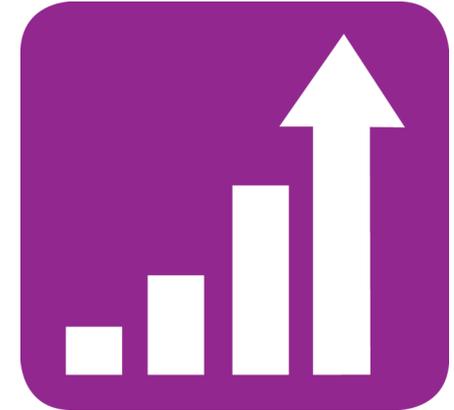
Future Economic Impacts Phase 1 System



JOB YEARS OF
EMPLOYMENT
624,000



LABOR
INCOME
\$46 BILLION



ECONOMIC
OUTPUT
\$131 BILLION



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Wrap Up

- As a project delivery organization, the benefits of the Program's increasing investment have continued to ripple through the California economy.
- The Authority supports thousands of jobs across all functions from planning and environmental clearance to engineering and construction.
- Sustained employment, along with investments across the state, have generated substantial economic benefits around California and across the country.
- In the Central Valley region alone – hard hit by the last recession – over \$3.3 billion in economic activity has benefited the region and its workers.
- The Authority has contributed to Central Valley regional economic recovery since the last recession. In Fresno alone, the unemployment rate has decreased from 17% in 2010 to 7% in 2019.



2019 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Resources:

- Technical Supporting Document
 - http://hsr.ca.gov/docs/brdmeetings/2019/brdmtg_031919_Item6_Economic_Impact_Technical_Supporting_Document.pdf Fact Sheet
- Fact Sheet
 - http://hsr.ca.gov/docs/brdmeetings/2019/brdmtg_031919_Item6_Economic_Impact_Analysis_Fact_Sheet.pdf
- Investing in California's Economy website
 - <https://www.buildhsr.com/hsrinvestment/>

